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SUBJECT: CONSOLIDATING NEPAL'S FRAGILE DEMOCRACY

REF: A. KATHMANDU 1263 NOTAL

[1](#)B. NEW DELHI 3499

Classified By: AMBASSADOR JAMES F. MORIARTY, REASONS 1.4 (B/D).

Summary

[1](#)1. (S/NF) Nepal is transforming. The May 18 proclamation of Parliamentary supremacy by Nepal's House of Representatives has clipped the King's wings; the three-corner struggle of Nepal's politics in recent years (the King versus the parties versus the Maoists) should turn into a more straightforward contest between a unitary government and a vicious insurgency. That does not mean things will be easy. The new government will have to maintain unity, strengthen the framework of democracy here, and show that it can deliver development and better governance. (Septel will provide greater detail on our thoughts on these issues.) Addressing the Maoist insurgency will prove even trickier. Popular opinion will require that the Government of Nepal (GON) enter into talks with the Maoists, first on a code of conduct and monitoring for the current ceasefire, but subsequently on a final peace arrangement and elections to a constitutional assembly. We must do everything we can to help those talks succeed, including by ensuring that the Indians assist us in pushing sensible policies. In the all too likely event that those talks fail, we must help the government develop its own contingency plans for reestablishing its authority in areas where the Maoists now roam freely.

Four Weeks that Changed Nepal

[1](#)2. (C) A month ago, an unpopular King Gyanendra was desperately trying to use the security services to hang on to power, despite massive demonstrations against his authoritarian rule. For their part, the Maoists were hoping that those demonstrations would morph into a violent revolution that would sweep them into power. On April 22, with huge numbers of angry demonstrators storming toward the royal palace, the Maoist vision appeared on the verge of realization. A hailstorm, however, broke up the demonstrations, giving the King time to capitulate to the demands of the seven party alliance for a restoration of Parliament. Subsequently, those parties formed a government,

and on May 18, the Parliament endorsed a Proclamation taking away all the King's legal authority over the army; Nepal's King has become a ceremonial monarch. In theory, the Parliament and government should now be free to address Nepal's pressing problems without fear that the democratically-challenged King Gyanendra will once again assume the reins of government.

¶3. (S/NF) Yet, not everything is going smoothly in Nepal. Rumors that the King over the past week tried to foment a coup against the new government appear all too credible. While all constitutional power has been taken away from the King, he remains by far the wealthiest man in the country and might well be tempted to use that wealth in the future to try to pop back out of the box he finds himself in, particularly if the government runs into trouble. And the Maoists appear all too willing to create trouble. They have not delivered on their promises to the seven parties (including restoration of seized property and resumption of unhindered political activity in the countryside); they have massively increased their extortion efforts; they are rumored to be smuggling weapons and explosives into the cities; and they are telling their cadre to get ready for a "second revolution" (ala the Bolsheviks' October Revolution).

Talks with the Maoists a Necessity

¶4. (S/NF) Despite this backdrop of apparent Maoist perfidy, the government has no choice but to move forward on talks with the insurgents. The people of Nepal are desperate for peace, and the new government's mandate is based almost solely on the popular assumption that the seven parties' twelve-point understanding with the Maoists will make peace possible. Even though that appears unlikely, the government must show that it is doing everything within reason not only to arrange for talks but to ensure the success of those talks. That is why the government has lifted the Interpol notices against various Maoist leaders, as well as the terrorist tag against the organization. It is also why the government is reluctant to be seen as rushing into increasing army capabilities at this time. At the same time, given the lack of confidence in Maoist intentions, the government has avoided steps that would overly strengthen the insurgents, including by denying the Maoist request for the release of all detainees. The government also seems to understand the need for developing a healthy working relationship with the security services.

¶5. (S/NF) At best, talks with the Maoists will be lengthy and complicated. Even if the Maoists are inclined to join the political mainstream, they will doubtless see whether they can win a victory at the negotiating table. The same will apply if the Maoists have no intention of giving up their goal of absolute power. Thus, the insurgents have a clear interest in keeping talks going for a while, to see whether they can coerce unexpected gains from the government.

If the Maoists are entering into talks with the expectation of ultimately returning to the battlefield, they will be working against their own timeline. Their current, three-month ceasefire expires in the middle of monsoon, when they are unlikely to resume battle, so they may well decide to string along negotiations until the end of the monsoon (mid-September) or until after Nepal's major religious holidays conclude in early November. If the Maoists extend the ceasefire much beyond a few months, however, the history of the movement suggests that they will have a tough time keeping their cadre motivated and will suffer massive defections.

What Would Talks Look Like?

¶6. (S/NF) If the government is to avoid handing over power to the Maoists in negotiations; it must go into such talks with a fair degree of unity and a clear understanding of its bottom lines. Up until now, the major parties in the governing coalition agree that the Maoists must give up their

weapons if they are to participate either in an interim government or elections to a constitutional assembly. We believe that most of the people in Nepal support this position. That said, the Maoists are making it increasingly clear that they are reluctant to abandon the option of violence as the price for coming into the political mainstream. Discouragingly, some of the international experts flocking to Nepal to help with the peace process also seem inclined to believe that it is unreasonable to expect the Maoists to give up their weapons until after a constitutional assembly convenes.

17. (S/NF) Fearful that talks will ultimately lead nowhere, the GON badly wants an objective outside witness of considerable stature to record the progress of the talks -- and to be able to point fingers if Maoist intransigence leads to a collapse of the talks. Similarly, the GON hopes that any code of conduct for the current ceasefire would have some degree of international monitoring, as would any final peace agreement with the Maoists and elections to a subsequent constitutional assembly. Prime Minister Koirala hopes that the witness could wear a UN hat and that the monitoring work could also somehow be put under a UN umbrella. Given Maoist ability to intimidate most Nepalis, Koirala's views strike us as reasonable. More important, the Prime Minister has said that he will not be able to start talks until there is agreement at least on a witness (Ref. A).

What Do We Need to Be Doing

18. (S/NF) We need to be doing everything possible to ensure that any talks have as great a chance as possible to succeed. That means providing technical assistance to the Peace Secretariat, which will serve as the government's think tank

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during talks, and to the facilitators who will be passing ideas between the two sides. It also means bucking up the government and parties to stick to their principles, and not allow armed Maoists into the government or into an election. Importantly, it also means working with the Indians.

The Indian Conundrum

19. (S/NF) The GOI broadly shares the U.S. vision of a peaceful, prosperous, and democratic Nepal and understands that a successful resolution of Nepal's crisis could stand as a template for future U.S.-Indian cooperation. That said, New Delhi clearly views Nepal as falling within its own sphere of influence and feels little need to keep us informed of major new initiatives on Nepal. The past few years have shown that we can overcome the reluctance on the part of the GOI to be open with us on Nepal, but only if we continually push on matters of importance. The issue right now is Indian reluctance to have any sort of external witness present in the talks between the Maoists and the government. Indian explanations for that reluctance appear thin, and presumably boil down to New Delhi's lack of enthusiasm for too much outside involvement here. We can probably overcome that reluctance if we push hard enough and at a high enough level. That said, we understand the GOI's lack of enthusiasm for some of the proposals apparently floated by the UN in New Delhi; we agree that there is no need for a Security Council discussion on Nepal and that a UN mediation mission could prove positively pernicious (ref. B). (Note: A UN mediator would presumably try to guide and influence the talks between the Maoists and the government, and the Indians rightfully fear that such an individual would fail to take into account Indian interests in Nepal. A witness, who would not necessarily have to be from the UN, would merely report to the Nepali public on the substance of the negotiations. End note.)

And if Things Go Wrong

¶10. (S/NF) The most likely scenario for the immediate future is that the insurgents will go back to the bush sometime in the next six months. We must work not only to prevent that future but also to prepare for it. The key task will be working to maintain government unity. That will not be easy, given the broad political spectrum covered within the governing coalition and the reputation for venality, partisanship, and shortness of vision of most of the key players in the parties. That said, this government has a greater fear of the Maoists than any of its predecessors and understands that the public has given it a very short leash. A key question for the government will be the loyalty/enthusiasm of the security forces. We will need to urge the new government to avoid alienating the security forces and reiterate our offers of security assistance to the new civilian leadership. Just as important, we will need to stress to the leaders of the security services that flirting with the King could prove disastrous to their country and to their institutions.

¶11. (C) Finally, in case things go wrong in the talks, we will need to encourage the GON to begin looking at how to design and implement a coherent counter-insurgency strategy. If the Maoists go back to the bush, ultimately the GON will have to show them that they have no chance of success. In light of the popular backing for the current government, the unity among the major political parties, and clear international support, Nepal will never have a better opportunity to consolidate democracy and to roll back an insurgency that has caused immense suffering and threatens to destabilize South Asia.

MORIARTY